



BLOCK HP.104
**HOUSING POLICIES
AND PROVISION
IN THE UK**

Preface

This block discusses recent national housing policy in terms of the effects of legislation and the political ideals and values which have underpinned this legislation.

The block deals with the development of policy from the mid-1970s to the present day.

It considers the effects of devolution of power to Scotland and Wales and the regionalisation of some policy areas, as well as the impact of EU law and directives.

Finally, it briefly compares UK social housing policy and provision with France, Holland, Spain and the USA.

For recent changes in legislation you should refer to the HNC Housing Supplement.

Time Allowance

Studying this block should take approximately 14 hours including time for the activities.

Learning Outcomes

After completing study of this block, you will be able to:

- understand the main impacts on housing policy of the Conservative Government of 1979-97 and the main trend in policy evolution over that period;
- understand the key ideas and policy developments of the Labour government between 1997-2000;
- be aware of the policy priorities and ideas expressed in the Housing Green Paper;
- be aware of the main differences between the structure of housing provision in the different constituent parts of the UK;
- understand what influences provision and availability of housing in different parts of the UK;
- understand the different quality, availability and popularity of housing around the UK;
- understand the potential effect of the EU on housing in the UK;
- identify the similarities and differences between the policies of different countries;
- be informed about future developments in housing in the UK and Europe.

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A. Introduction

1. What Are 'Housing Policies'?

Activity 1

This is a deceptively simple question. Think about how you would answer.

Time allocation: 20 minutes

You may well have started out with a list of housing policies as a first step to answering this question, but in doing so you may well have raised a number of queries in your own mind. What kind of level and detail of policy are we looking for? For example, is it at the level of ‘extending owner occupation in the UK’ or ‘sending a first warning letter after no more than four weeks rent arrears’? Clearly the second is a very detailed, management policy operating at the level of an individual social landlord. The first is a much broader, and more general, policy which may be part of the set of housing policies of a national government, though it may then lead to more specific actions (such as the promotion of shared ownership) which become part of the policies of individual housing organisations. In HP.104 we are concentrating on the first type of policy – those that are of a more general nature and operate at the level of national government.

Policies at the national level are expressed in the passing of legislation – the various Housing Acts, etc. – and in the other forms in which government policies are expressed such as Circulars. Beyond these there are other ways in which governments can make and express policies. One of the most important levers of control is money and the allocation of spending and investment. In housing, this is particularly true of local authorities and RSLs, but may also impact on the private sector through grants, tax allowances etc.

However, to really understand national housing policies it is necessary to be aware not just of the details of legislation, but also the political objectives, ideals and values which underlie policies. Particular housing policies may be seen as an expression of more fundamental values, such as the desire to make society more equal, or reduce the role of the state, or make individuals more responsible for themselves.

Housing policies may also, in a sense, be defined in terms of the problems they seek to address – for example slum housing or homelessness. One interesting question about housing policies at the national level is the extent to which they can be understood as a deliberate expression of the ideology, values and political objectives of the government or as an almost inevitable response to the pressure of problems in the world outside of Parliament. Certainly at a time of national housing crisis such as in the years immediately after the Second World War, with almost half a million homes destroyed and a boom in marriage and babies as soldiers returned, it’s difficult to imagine that any government could have responded with other than an emergency programme of house-building. This, in a sense, takes the ‘politics’ out of housing policy. Policies may be seen as ‘evolving’ in response to

problems almost regardless of the party in power. On the other hands, there are times where politics are re-asserted and there are sharp shifts in policy arising from the ideals and values of the government of the day. It is often useful to look at national housing policies as arising from the interaction and competition of these two factors.

2. Are there 'UK Housing Policies'?

Section B: Current UK Housing Policies, raises the question in its title of whether it is really possible to talk of housing policies which apply to the whole of the UK.

As has already been explained in HP.102: *The Structure of Housing Provision*, and HP.103: *Determining Housing Policy*, there are significant differences between the main constituent parts of the UK – England, Wales, Scotland and Northern Ireland – in the organisational structure of housing. Different parts of the UK are also covered by separate housing legislation. The devolution in 1999 of powers in relation to housing policy to the Scottish Parliament and Welsh Assembly has simply added weight to an argument that there is really no such thing as UK Housing Policies.

Yet many books on Housing *do* talk about housing policy in the UK; especially the increasing range of publications which explore housing from an international perspective and which compare housing policies in the UK with those of other countries. One of the important benefits of making international comparisons is that it allows you to 'take a step back' and understand more clearly the fundamental nature of your own system because its main features – which are often so taken for granted that they become 'invisible' – can be seen more clearly in contrast with those of other systems.

Section C: Differences in Housing Policy and Provision within the UK, explores in more detail these issues of difference between the constituent parts of the UK

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Section D: The European Union and Non-EU Countries, provides an introduction to an international comparison of housing policies.

Despite the significant differences within the UK there are common factors in policies and provision which can be seen in housing legislation, and also in the policy objectives and priorities which governments apply throughout the UK.

B. Current Housing Policies in the UK

1. Introduction

The Labour Government of Tony Blair issued their first major policy statement on housing (at least for England) in May 2000, the Housing Green Paper. A Green Paper is essentially a discussion document issued by government to provide a basis for consultation on the government's ideas for new policies and legislation in a particular area – in this case housing. It would usually then be followed by a 'White Paper', setting out firm proposals for new legislation, and then a Bill which is taken through Parliament to become an Act.

The Green Paper expressed the ideas, priorities and intentions of the Labour Government on housing. Taken together with the housing policies already developed and adopted since, they provide the best available representation of *current* UK housing policy. However, many aspects of the housing legislation introduced by the former Conservative government remain in place. Moreover, the policies of that government involved a fundamental shift and change of direction in housing policy in the UK and it is not really possible to understand current policies without some knowledge of the profound impact on housing in the UK of these policies.

This Section begins, therefore, with a look at the policies of the 1979-97 Conservative administrations before going on to look at housing policies already implemented under 'New Labour' and at their intentions as represented in the Green Paper.

2. The Conservative Government 1979-97

You may or may not have worked in housing during the period of office of the last Conservative governments, but even if you didn't you are probably still familiar with some of the 'Big Ideas' which formed the basis for their policies on housing:

Activity 2

Write down what you would regard as the main features of housing policies of the Conservative Government up to 1997

Time allocation: 10 minutes

You probably had two elements in your account of the ‘Big Ideas’ of housing policy under the Conservatives. Firstly, you may have identified specific policies. Three policies which you are particularly likely to have picked are:

- Right to Buy,
- Stock Transfer, and
- Compulsory Competitive Tendering.

Secondly, you may have identified some more general political objectives of the Conservative government, linked to their underlying political ideology. This may well have included aims such as the expansion of owner occupation and the reduction of the role of local authorities in the provision of housing, linked to an underlying political philosophy of ‘privatisation’ - of expanding the role of the private sector and the market in society and reducing the role of the public sector. The specific policies were means by which these political/ideological objectives were pursued.

Certainly one of the defining features of the Conservative Government’s housing policies was that they were very clearly underpinned by a political ideology. They also represented a clear break with the housing policies which preceded them.

One way to see this fundamental change is as a break with what can be called the *dual* system of housing of housing provision which had dominated British housing and housing policy for much of the 20th Century. From the early part of the century the traditional form of housing provision – the building of housing to let by private landlords – had been replaced by two alternatives. These were the building of housing for sale by private developers (in general serving those with higher incomes), and the building of housing for rent – at non-market levels – by local authorities (in general for those with lower incomes).

By the end of the 1970s, the cumulative effects of this process was that the ‘dual system’ of owner occupation and council renting provided housing for about 90% of households. Within this there was about a 60/40 split between owner occupation and council renting.

While governments of different political complexion had come and gone, for the most part little had been done to disturb the progression of this dual system. There were new policies and there were political controversies and debates over housing, but in effect there was a consensus that this system worked.

The **1977 Housing Green Paper** (Great Britain 1977), produced by the Labour Government which lost office to Margaret Thatcher two years later, could be said to represent the climax of this consensus about the dual housing system. It had begun as a fundamental review of housing policy with a view to radical change, but in the end represented a broad acceptance of the status quo.

It suggested that the then current system had achieved a huge improvement in housing availability and conditions since World War 2 and that, as a result, the majority were well housed. As a result it rejected major changes, arguing that the interests of most people would be served by stability in the main sectors of the system. The Green Paper did accept that there was, nevertheless, a persistent problem of a minority in housing stress and an increasing gap between them and the well-housed majority. The main policy recommendations to address this were to increase opportunities in the existing system by opening up council housing to groups previously not given priority (single young, elderly, special needs); extending low cost owner-occupation and encouraging alternative tenures, especially housing associations.

However, this aim of sustaining and extending the ‘dual’ system did not survive the coming of the Conservative Government.

2.2 Conservative Policy Phase 1: Promoting Owner Occupation

Within a year of Margaret Thatcher coming into office, the dual system had been fundamentally challenged. In this first period, to the middle of the 1980s, the overwhelming emphasis of housing policy was on expanding owner occupation, while reducing the role of local authorities as providers of housing.

The most dramatic expression of this was *Right to Buy*. This was introduced in the **1980 Housing Act**. Originally it gave tenants of local authorities, New Towns and most housing associations the right to buy their housing with, after 2 years, a discount of 33% rising initially to a maximum of 50%, depending on length of residence. The **Housing and Building Control Act 1984** extended these provisions, increasing the maximum discount to 60% and removing certain restrictions, and this was further extended in the **Housing and Town Planning Act 1986**, where maximum discounts of 70% were offered to occupants of flats. To the end of the century, Right to Buy sales resulted in the transfer of about 2 million dwellings nationally from council renting to owner-occupation and accounted for about half of all the growth in owner occupation during the 1980s and 1990s.

Less dramatic, but probably equally important, was the use by the Conservative government of financial subsidies and controls on spending by local government to change the housing system.

Spending controls were used to radically reduce the programmes of building of new council housing. In 1979, housing starts in Great Britain were about 65,000 (which was itself low in comparison with annual council house building rates of 170,000 in the late 1960s and 200,000 in the early 1950s). By 1986 this had been reduced to 20,000. In many areas of the country the change was even more dramatic – in some areas virtually no council housing has been built since the early 1980s. The gradual elimination of new building by councils continued throughout the 18 years of the Conservative government; by 1997 it was less than 1,000 dwellings a year.

Spending controls were also used to cut the subsidies which reduced the levels of council rents. This increased rents and made the alternative of ownership more attractive to those who could afford a mortgage. At the same time the system of subsidy to owner-occupiers through tax relief on mortgages remained in place.

2.3 Conservative Policy Phase 2: Enabling and the need for rented housing

In the first rush by tenants to buy their council housing under the Right to Buy sales of council houses to tenants reached a record national level of 208,000 in 1982. However, by 1986 sales had fallen back to 95,000 a year.

This decline in sales had two implications for the Conservative government. Firstly, it seemed that the decline in sales were an indication that an economic ceiling to the expansion of owner occupation was being reached, with most of those not already owners being simply unable to afford ownership. At the same time a boom in house prices was making it difficult for many more households to afford to buy housing. This brought home to government that a housing strategy based almost entirely on encouraging the growth of home ownership was not really viable and attention must also be given to rental housing. Secondly, the decline in Right to Buy sales suggested to the Conservatives that their policy aim of removing housing from the control of local authorities could not be achieved by Right to Buy sales alone.

To meet the need for rental housing without reviving and expanding the council sector two policies were adopted:

- An enhanced role for housing associations
- An attempt to reverse the decline in the private rented sector

This period, from the mid to late 1980s, also led to two themes which became central to Conservative policy towards council housing:

- The concept of the local authority housing role as ‘enabler not provider’
- Stock transfer of local authority housing and its tenants to other landlords

2.3.1 Enhanced role for housing associations

The changing direction of housing associations was reinforced under the **1988 Housing Act**. The intention of government was to expand the sector, both by new build and by the transfer to it of local authority housing, but also to introduce private investment and to move to higher ‘market’ rents. In effect this can be seen as putting the operation of the social rented sector on a similar basis to the private rented sector. As with private renting, the 1988 Act deregulated new lettings so that they were no longer at Fair Rent levels, but were based on ‘assured tenancies’. However, housing associations differed from the private sector in that there was still an initial capital subsidy in the form of Housing Association Grant (re-named Social Housing Grant in 1996).

In general, the Conservative Government had a much more positive view towards housing associations than towards local authorities. Between 1979 and 1997 housing associations increased from 2.1% to 4.6% of the British housing stock, while the proportion of council renting fell from 31.4% to 17.0%.

The changing balance between local authorities and housing associations in the production of new housing can be seen below:

Housing Completions: Local Authorities and Housing Associations, GB

	1971	1981	1991	1992	1993	1994	1995	1996	1997
	<i>thousands/year</i>								
<i>L.A.</i>	114.4	55.0	9.6	4.6	2.5	1.7	1.4	0.8	0.3
<i>H.A.</i>	11.0	19.0	19.7	25.0	34.2	36.3	38.1	31.5	27.2

(Source: DoE Housing and Construction Statistics, HMSO.)

Activity 3

Take a look at this table and note down what it tells you about the production of housing in the two sectors.

Time allocation: 10 minutes

Certainly it shows housing associations taking over as the main providers of new social housing. However, the increase in output by housing associations in the 1980s and 1990s is quite modest, and was actually declining in the last years of the Conservative Government (a trend which has continued under Labour). It is the huge fall in output by local authorities, down to a few hundred houses a year, which is the biggest change. What this means is that the total amount of social housing being built was greatly reduced (from 125,400 units a year in 1981 to 27,500 in 1997).

2.3.2 Reversing the decline in private renting

The **1988 Housing Act** deregulated *all* new private tenancies, which became assured tenancies at market rents rather than at fair rents. Existing tenancies (from before 1989) remain controlled as long as the tenancy lasts. Clearly, this has allowed landlords to increase rents, although regulated rents were already being increased. In practice, for many tenants this has been met by Housing Benefit, although the 1988 Act did introduce a system whereby a ceiling is placed on Housing Benefit payments if the rent is 'unreasonable', or the accommodation judged too large or luxurious.

Between 1989 and 1993, the Business Expansion Scheme (BES) was applied to private renting, giving tax relief to people investing in funds for the provision of additional private rented housing. BES schemes were organised by a variety of organisations; banks, building societies, housing associations, universities. In some cases the schemes were for particular groups e.g. medical staff, mature students. In general, the quality of housing is much higher than most private renting. In total, about £3.3 billion was invested, providing about 80,000 extra rented homes.

There was a modest expansion of private renting after years of decline (about 280,000 dwellings between 1989 and 1997). This included a significant element of better quality private renting let at relatively high rents, as well as expansion of student lettings and of, for example, former local authority dwellings purchased for private renting.

2.3.3 The enabling role

One of the main objectives of the housing policies of the Thatcher government was to reduce the 'provider' role of local authorities. Initially this was associated with a loss of interest in the strategic as well as the provider role of local authorities and the abandonment of attempts to measure and meet housing need. The emphasis was on the withdrawal of local authorities from housing, leaving it to the market to identify and meet housing needs (or more specifically housing demands).

However, from the mid-1980s there was more emphasis on the development of an enabling role. It came to be seen as necessary to have intervention to achieve housing objectives - to get land developed, to sort out the problems of existing stock and get additional social or low-cost provision **but** to do this through alternatives to direct local authority development.

2.3.4 The Duke of Edinburgh's Enquiry into British Housing (National Federation of Housing Associations 1985)

This emphasised the role of local authorities as *enablers rather than providers* and the need to *break the monopoly* of local authorities who were to be seen only as *providers of last resort*. The emphasis was to be on the provision of rented housing at market-based rents from other sources - housing associations and the private sector.

In the 1987 White Paper: *Housing: The Government's Proposals*, a major focus of proposals was change in local authority role: *There will no longer be the same presumption that the local authority itself should take direct action to meet new and increasing demands. The future role of local authorities will essentially be a strategic one*

1989 DoE Circular: *Local Authorities' Housing Role* - indicated government ideas about what an enabling role might involve:

- ensuring adequate land supply for private housebuilding;
- releasing land held by the local authority, perhaps under license, in partnership schemes providing low-cost sale and shared ownership;
- land assembly, for housing associations or others;
- nominating tenants to low-cost sale schemes or use of other incentives to encourage better-off tenants to move out of council housing;
- achieve better utilisation of the stock, reducing voids and under-occupation;
- promoting private renting by appropriate land disposal and direct subsidy (permitted under the Local Government Act 1988);
- using powers to allocate LA capital resources to housing associations (LA HAG) to extend the programme of Housing Associations, now the main providers of additional social housing;
- considering large-scale stock transfer to Housing Associations

Stock Transfer

Initially this involved vacant dwellings, but the **Housing and Town Planning Act 1986** facilitated the selling-off of tenanted properties. The **1988 Housing Act** saw stock transfer as part of the process of changing local authorities from a provider to an enabler role. It introduced **Housing Action Trusts** which involve large areas of mostly run-down council housing, either in a single large estate or in a number of smaller pockets, being transferred to an independent trust for renovation. None of the 6 original HATs were approved in tenants ballots, but between 1991 and 1994 six HATs were declared- in Hull, Liverpool, Waltham Forest, Castle Vale, Tower Hamlets and Stonebridge - with total funding of about £1.1 billion.

A second mechanism for stock transfer, **Tenant Choice** - involving a tenant-initiated change of landlord – was almost entirely ineffective. Much more significant has been the alternative developed by some local authorities in response to the Act - **Large Scale Voluntary Transfers** (LSVT). Here a local authority itself transfers its stock, usually to a housing association (or several associations), either an existing association or more often a new association established for this purpose by the local authority. LSVT is controlled through an annual programme approved by the ODPM (formerly the DETR).

The **Housing Act 1996** allowed local authorities to create and transfer their stock to **Local Housing Companies**. These are independent companies established by local authorities but which are regarded as independent from the public sector and not subject to public sector borrowing controls. This added an alternative to housing associations as the bodies to which council housing might be transferred. The Act introduced the term ‘Registered Social Landlord’ (RSL) to includes both housing associations and other forms of social landlord.

2.4 Conservative Policy Phase 3: Managing the costs and the consequences

Some of the key housing policies of the Conservatives continued throughout their period of office. For example, home ownership continued to be promoted as the most desirable and most ‘natural’ tenure. This was despite the fact that the recession of the early 1990s brought declines in house values and other problems for many owner-occupiers. Similarly, the determination to limit and reduce the role of local authorities as housing providers was maintained. However, during the 1990s some important aspects

of the Conservative's policies on housing can be seen as arising from some of the problems created by the very radical and forceful policies of the previous decade. This is especially true in two areas:

- controlling the costs of housing policies;
- dealing with problems arising from the 'residualisation' of council housing.

Controlling Costs:

The following table shows the changing pattern of government spending on housing subsidies at three dates over the lifetime of the Conservative Government.

Subsidy (GB)	1980/81		1990/91		1998/99	
	Cost (£m)	Cost/ head	Cost (£m)	Cost/ head	Cost (£m)	Cost/ head
<i>Owner occupiers</i>						
General Subsidy (MIRAS)	1,960	£330	7,700	£820	1,900	£180
Housing Benefit	71	£134	553	£411	648	£1,933
<i>Council tenants</i>						
General subsidy (HRA subsidy)	2,130	£345	1,212	£241	-870	-£215
Housing Benefit	841	£240	3,345	£1,030	5,394	£1,924
<i>Private/ha tenants</i>						
Housing Benefit	183	£199	1,756	£1,323	5,825	£2,865

(Source: Joseph Rowntree Foundation: Housing Finance Review 1999/2000.)

Before considering what the tables mean, some explanation is necessary. Firstly, information is given for owner-occupiers, council tenants and for private and housing association tenants combined. Secondly, a distinction is made between 'general' and 'means-tested' subsidies. General subsidies include Mortgage Interest Tax Relief at Source (MIRAS) for owner-occupiers and subsidies to the Housing Revenue Account (HRA) of councils. This form of subsidy goes, in effect, to the 'housing' and does not depend on the income of the occupant. Means-tested subsidies are combined in the Housing Benefit system for renters in the council, housing association and private sectors. More limited, temporary payments can also be made to owner-occupiers. For each period the total cost (in £ thousands) and the average value per household is shown.

As can be seen, at the beginning of the 1980 general subsidy was by far the most important, and most of this went to council tenants and owner-occupiers. For 1980/81 general subsidy - MIRAS and HRA subsidy - accounted for about 80% of total

During the 1980s under the Conservative Government in the council sector general subsidies were drastically cut (see figures for 1990/91). General subsidy was, in effect, largely replaced in the council sector by means-tested subsidy through the Housing Benefit system which greatly increased. In the owner-occupied sector general subsidy in the form of MIRAS remained and increased enormously in cost, reaching a peak in 1990/91 of £7.7 billion. This tended to most benefit those with higher incomes who had larger mortgages and paid higher tax rates. The cost of and value to private sector and housing association tenants of means-tested Housing Benefit also increased substantially. Overall the dominant elements were MIRAS for owner-occupiers and Housing Benefits for tenants.

By the 1990s the costs of both MIRAS and Housing Benefit was becoming of concern. Despite their continued support for owner occupation, the Conservatives introduced changes which gradually reduced the value of MIRAS. As a result, despite continuing increases on owner occupation, the cost of MIRAS fell to £1.9 billion in 1998/99.

However, they found it less easy to control Housing Benefit. Indeed, the higher levels of rents in housing associations and private renting arising from the 1988 Housing Act, and continued upward pressure on council rents, continued to push up the cost of Housing Benefits. Also, as more population have become owner-occupiers, those left in renting are increasingly the poorest whose incomes are low enough to qualify for housing benefits.

Social polarisation: A clear consequence of the housing policies pursued by the Conservative Government (though these are not the only factor involved) has been an increased social polarisation of between owning and renting, and especially between owning and council renting. The promotion of home ownership, the negative image of council housing, the transfer out of the council sector of the more affluent tenants and better stock via Right to Buy, have all been associated with a 'residualisation' of council housing – its transformation from a relatively popular and desirable form of housing catering for a wide range of working people to what is often seen as a 'tenure of last resort' only for those who can afford nothing else. While the concentration of the poorest and most disadvantaged is most associated with council housing, it is also true of housing associations. In both sectors a

high proportion of tenants' families have very low incomes and do not have a member who is in the labour market. One reflection of this is the high proportion (on average about two-thirds) of tenants who receive means-tested housing benefits. Economic disadvantage is also associated with the concentration of social problems on some estates.

A number of policy responses, some of which fell outside the realms of housing policy as such, were introduced by the Conservatives. After its establishment in 1985 the main mechanism for improvement of council housing was the DoE's (then DETR, now ODPM) Estates Action process, which made capital allocations for renewal schemes on specific estates, often with an element of transfer of some of the stock to private developers or housing associations. This is now been incorporated into the Single Regeneration Budget (SRB). In addition, there were wider 'regeneration' initiatives aimed at addressing a wider range of economic and social problems in disadvantaged estates. In England this included the Housing Action Trusts and also the 31 City Challenge schemes (though these did not only cover council estates). A similar large-scale regeneration programme was undertaken on four Partnership estates in Scotland under the New Life for Urban Scotland initiative.

2.5 Housing Supply – The Missing Element?

Capital Spending (England)	80/81 (£m)	97/98 (£m)
Local authority construction	1,008	52
Local authority renovations	670	1,492
Improvement Grants to private owners	263	480
Housing Corporation funding for housing association development	508	685

(Source: Expenditure Plans/Annual Reports, DoE.)

These figures showing the changing pattern of public investment (capital spending) on housing during the period of the Conservative government reveal a major change. The main change is the huge decline in investment in new housing construction by local authorities. Most capital spending in the council sector is now focused on the renovation of its existing stock. Note, too, that the scale of expansion in investment in construction by housing associations is quite small. This reinforces the point made above, that the total level of new housing construction by the social sector has massively declined.

This decrease in production of social rented housing has also not been compensated by any substantial extra house building in the private sector. Private sector building has remained fairly constant. Overall this means that under the Conservatives we were adding to and replacing our housing stock much more slowly than in the recent past. This can be seen even more dramatically in the rate of clearance of older housing. Slum clearance reached a peak of 70,000 dwellings a year in 1971, in 1996 it was about 4,000 dwellings (about 0.02% of the dwelling stock). Currently, the major element of demolition is of unpopular council housing.

One key general feature of housing policies of the Conservative Government was that they were mainly concerned with issues of housing tenure, not of housing supply and condition. Through the earlier post-war period – with the house-building drive of the 40s and 50s, the slum clearance and redevelopment programmes of the 50s and 60s and the improvement programmes for older housing of the 1970s – the emphasis of housing policy was on improving the supply and quality of the housing stock. In the 1980s and 1990s it was the question of the form of *ownership* of housing which took first priority.

Activity 4

Think about the implications of this last point and consider the following questions:

Is this a problem?

If so, what do you think should be done?

Are the present government now addressing this issue?

Time allocation: 30 minutes

3. Housing Policies Under The Labour Government 1997 and After

The fact that by 2000 no major new piece of housing legislation was introduced is perhaps an indication of the fact that housing has not really been a major priority for this Government. Other areas of social policy, such as Education, Health and Crime and Public Order have been given much more attention.

Activity 5

What major changes in housing policy are you aware of which have arisen from the change of government from Labour to Conservative in May 1997? If you were not working in housing before May 1997, why not discuss this with a friend who was.

Time allocation: 30 minutes

Some authors have even suggested that housing policy is in a state of ‘terminal decline’ (Bramley, 1997). Certainly it is true that housing issues have declined in importance. In the early post-war years housing was one of the major issues. Political parties would vie with each other in their claims about how many houses they would build, and their housing policies would form a major part of their political manifestos. Even in the 1980s it was widely acknowledged that the popularity of Right to Buy was a significant factor in the electoral success of the Conservatives. In the 1990s, though, housing was rarely mentioned in national political debate and is no longer seen as a key issue. The fact that the majority of population are satisfied with the condition *and* the tenure of their housing is said to be responsible for this decline in its political significance.

This does not, though, mean that housing problems and issues have disappeared. What is apparent is a polarisation between the relatively good housing position of the majority and the housing problems of a disadvantaged minority.

This picture of our housing system and problems is presented in this statement in the Housing Green Paper: *Quality and Choice: A decent home for all*, published in April 2000:

We face three main challenges:

- *First, to improve the conditions and opportunities of the minority who face severe problems, such as poor conditions in both public and private housing.*
- *Second, to tackle the more general problems faced by most people at some point in their lives, such as the difficulties that can be encountered in selling and buying a home.*
- *Third, to do this without undermining the successful features of the current system, which delivers decent housing to the majority of people.*

(DETR, 2000)

This contrast between a well-housed minority and a disadvantaged minority is not new. It is the same point made in the previous Labour Government Green Paper on Housing produced back in 1977. Indeed, there is a quite remarkable similarity between the two documents in terms of the analysis of the housing situation, the objectives of policy and even some of the detail of the policy proposals.

A particular point of similarity is the call for stability and rejection of radical change which might disrupt a system which works for the majority.

This rejection of radical change in housing policies, very much in contrast with the Conservative Government when it came to power in 1979, is perhaps the most obvious feature of the early years of the Labour Government. These have been marked by quite a high degree of continuity with the policies of the previous government.

3.1 Stock Transfer

One of the most important aspects of policy continuity in housing between the Conservative and Labour Governments is the continued enthusiasm for Stock Transfer shown by New Labour.

Local authorities continue to be encouraged to consider transferring their stock. Increased programmes of stock transfer have been planned, and the Local Housing Company as a new form of registered social landlord introduced by the previous government in the 1996 Housing Act continues to be seen as an attractive model, though most transfers are still to Housing Associations.

Indeed, it seems likely that the scale of stock transfer may radically increase under the Labour Government. While large numbers of councils had transferred their stock by the end of the 1990s, these were mostly relatively small, mostly more rural local authorities, the majority in the South of England, and the total amount of stock involved was quite a small proportion of all council housing. However, many of the larger urban local authorities now view stock transfer as the only option to maintain and improve their stock and are planning or investigating transfers. The effects of this could be a shift of ownership of housing from councils much greater than anything seen so far.

There is, perhaps, a difference between the Conservative and Labour Governments in their reasons for supporting stock transfer. For the Conservatives this was undoubtedly fundamentally ideological – a dislike of the public sector (councils) owning and providing housing. For New Labour it is perhaps more pragmatic. Transfer of housing out of the public sector to registered social landlords means that they can borrow money for investment in the private financial market, outside of the definition of ‘public spending’. Councils are currently not allowed to do this.

3.2 Controlling Spending

This emphasis of the ‘third phase’ of Conservative housing policies can also be seen in some of the policies of the Labour Government. Two elements in particular can be noted:

The Chancellor of the Exchequer finally abolished tax relief on mortgage interest payments in April 2000, completing the process of withdrawal of tax relief begun under the Conservatives.

The reduction in spending on Social Housing Grant channelled through the Housing Corporation to fund new housing association development which began in the mid-1990s has continued, and the output of new housing by housing associations is forecast to fall.

However, set against these continuing aspects of tight control over public spending on housing has come one significant housing initiative:

3.3 Capital Receipts Initiative

One of the election promises made by the Labour Party was to release some of the capital receipts accumulated by local authorities in England from the sale of council housing whose use had been restricted by the previous government. This was done in 1997 and 1998 with a total of £5 billion being released to form part of the capital spending budgets of local authorities.

It is intended by government that this funding should be used for the renovation and rehabilitation of existing local authority housing stock. It is certainly not seen as signalling any significant return to new house building by local authorities. Even so, the sum available must be compared with the figure of £19 billion needed *‘to bring the worst council housing up to a decent standard’* (Green Paper). Government policy assumes that, as discussed below, the use of these resources will be combined with stock transfer in seeking a solution to funding the repair of council housing stock. In Scotland an additional £319 million will be available for housing but this is linked to stock transfer through New Housing Partnerships.

While new initiatives in government housing policy have so far been fairly limited, and there has been more evidence of continuity between the approaches of the present and previous governments than of radical change, there have been some significant developments in areas of policy which are not strictly ‘housing’, but which have important implications for housing. In particular, policies in three areas can be identified:

- Best Value
- Neighbourhood Renewal
- Antisocial Behaviour

3.4 Best Value

One significant change introduced by the Labour Government is the replacement of Compulsory Competitive Tendering (CCT) with the Best Value regime. In both cases these are not specific to housing but apply to many areas of local government activity. However, both CCT and Best Value have major implications for the organisation of housing management and services. In the case of Best Value this also extends beyond local authorities to Registered Social Landlords. Specifically in areas of social housing, but linked to Best Value through the concept of a consumer evaluation of services, local authorities have been required to introduce Tenant Participation Compacts. These regimes will be discussed in more detail in the study Unit *Housing Practice and Quality Service* and the HNC Supplement.

3.5 Neighbourhood Renewal

Increasingly social housing estates have come to be seen as the main locations where problems of social disadvantage and social exclusion are concentrated. The Social Exclusion Unit, established by the new government in 1997, has developed the national Strategy for Neighbourhood Renewal in response to these issues (Social Exclusion Unit 1998, Social Exclusion Unit 2000).

This introduced the New Deal for Communities and an array of other new initiatives and 'zones'. These have, in general, not been focused mainly on housing or housing-related issues. Indeed, the report which introduced the strategy: *Bringing Britain; A national strategy for neighbourhood renewal* (Cmnd 4045 1998) specifically criticised a 'bricks and mortar' approach to regeneration and the failure of investment in housing renewal and improvement, especially in areas of council housing, to solve the underlying problems of disadvantaged areas. Rather there has been an emphasis on employment, training and access to the labour market and on new programmes related to education and health, led by the Department for Education and Employment and Department of Health. Some housing issues, such as the promotion of neighbourhood housing management and the problem of unpopular social housing, have formed an element in the development of these policies.

3.6 Anti-social Behaviour

Just as poverty and social exclusion have come increasingly to be seen as especially associated with social housing estates, so too have some problems of crime and anti-social behaviour. The Crime and Disorder Act 1999 is perhaps the most important element of new initiatives to address these issues which have significant implications for housing. A number of new powers, such as exclusion and banning orders and child curfews, can potentially be used to address anti-social behaviour on estates. In addition, social landlords are encouraged to consider how they might also use their powers as landlords to tackle these issues.

Refer to the HNC Housing Supplement.

4. The Housing Green Paper

The Housing Green Paper: Quality and Choice: A decent home for all: *sets out our (i.e. the Government's) strategy for housing, covering housing policies and links with our broader social agenda in England and Housing Benefit in Great Britain* (DETR 2000).

Housing policy documents for Scotland and Wales have been produced for their Assemblies; the Green Paper deals with Housing Benefit for the whole of Great Britain as power over this policy area has not been devolved.

The Key Proposals in the Green Paper are listed below:

1. Promoting a stronger role for local authorities in housing to reflect the variations in circumstances around the country and to enable solutions to be tailored to local conditions.
2. Proposals to support sustainable home ownership.
3. Proposals to raise the standards of reputable private landlords, encourage new investment and tackle problems at the bottom end of the sector.
4. New approaches to improve the quality of social housing and housing management. A step change in the quality of the stock and the performance of social landlords and a commitment to ensuring that all social housing is of a decent standard within 10 years.
5. Improvements to the delivery of affordable housing, so that it is provided where it is needed and in a form that is sustainable.
6. Reforms to lettings policies to give tenants in social housing real choice over the homes they live in.
7. Proposals to strengthen the protection available to homeless families by extending the statutory safety-net to a wider group of vulnerable homeless.

8. Proposals to review tenure arrangements to retain security for long term social tenants and consider: options for unifying the secure and assured tenure regimes; and options for new flexibilities to enable local authorities and registered social landlords to make better use of their stock, especially in areas of low demand.
9. Proposals to maintain rents in the social housing sector at affordable, sub-market levels.
10. Options for restructuring rents in the social housing sector to put rents on a fairer, affordable basis.
11. Proposals to develop Housing Benefit measures to improve customer service, tackle fraud and error, and improve incentives to work.

A number of main themes can be identified in these proposals and the details of them described in the Green Paper.

Proposal 1, talks of a stronger role for local authorities. It makes clear that this is a *strategic* role, with local authorities taking a strategic view, working in partnership with housing providers and with wider social and environmental policies. There is no indication of any general return to an enhanced council role as a housing provider. Indeed, *Proposal 5*, which talks of new approaches to improve the quality of social housing, envisages a programme of continued stock transfer from local authorities of up to 200,000 dwellings a year. On the other hand, the best performing local authorities are promised the possibility of creating new forms of ‘arms-length companies’ would allow them wider scope for borrowing for investment in renewal and development.

There is considerable emphasis on measures to make the present system work better, rather than on radical change. For example, *Proposal 5* talks of improvements to the delivery of affordable housing – that is, mainly provision by Registered Social Landlords - by better construction processes using the recommendations of the Construction Industry Task Force, through better funding allocation systems and guidance on the use of planning powers for affordable housing.

There is also an emphasis on improving and extending provision and opportunities in the private sector. *Proposal 2* includes a new shared ownership scheme, and change to improvement grants and to support for unemployed home owners. *Proposal 3*, on the private rented sector, seeks to encourage voluntary accreditation for reputable landlords while proposing possible new powers for use against landlords whose property is in poor condition or who abuse the Housing Benefit system.

Four aspects of social housing management are given particular attention:

- neighbourhood management and tenant compacts;
- allocations systems;
- forms of tenancy;
- rent-setting principles.

Proposal 5 on reforming lettings policies is in part a reflection of concern in recent years that an emphasis on giving priority in allocations only to those in the most severe housing need has led to a concentration of the poorest and sometimes the most problematic tenants on some estates. The creation of sustainable communities is seen as requiring more socially-mixed neighbourhoods. This objective is pursued both by creating more tenure mix in developments – mentioned as an aim under *Proposal 5*, and the change of lettings policies towards a more flexible, choice-based approach open to a wider range of potential tenants.

With a more varied social housing sector, and particularly in response to stock transfer, a further concern is to lessen the divide and distinction between social housing provided by councils and by RSLs. One aspect of this is the possibility of unifying the secure and assured tenancy regimes which operate for council and RSL tenants respectively. A second aspect is rent levels. *Proposals 9 and 10* suggest that a convergence between rent levels charged by councils and RSLs in the same area would be desirable. At the same time, it is suggested that rents would more closely reflect the size, quality and location of housing if they were related to the market value of dwellings. It is made clear, though, that this does not mean ‘market rents’ – social housing rents would be held below market levels. Nevertheless, the concept of a market value basis for rent setting has raised concerns among social landlords.

Finally, there are some specific recommendations to improve the operation of the Housing Benefit system to speed up and simplify the process, reduce fraud and increase flexibility. However, one of the key omissions from the Green Paper is any more fundamental proposals for change to the Housing Benefits system, despite continuing concerns over its costs and effects on work incentives.

Summary

Successive Conservative Governments between 1979-97 sought to decrease public sector spending on housing as part of the ideological commitment to privatisation. They were concerned with issues of tenure, not supply.

Owner occupation was actively promoted. The 1980 Housing Act introduced Right to Buy. This had the effect of reducing the stock of the most desirable council owned houses in the most popular areas.

Local authorities were seen as 'enablers', not 'providers' of housing, and housing associations increased in number, size and importance.

The 1998 Housing Act introduced the assured tenancy at market rents.

Large Scale Voluntary Transfers moved ownership of many local authority owned homes to existing housing associations or to a housing association established for this purpose by the local authority.

The Housing Act 1996 allowed the creation of Local Housing Companies not subject to public sector borrowing controls. The Registered Social Landlord came into being.

Social housing is increasingly occupied by low income, socially disadvantaged families.

The Housing Green Paper April 2000 sets out the government's agenda for housing as part of its broader social agenda for tackling disadvantage and social exclusion.

C. Differences in Housing Policy and Provision Within the UK

1. Introduction

You will have learned from HP.102: *The Structure of Housing Provision* and HP.103: *Determining Housing Policy*, that different parts of the UK are covered by different housing legislation and that there are differences in the organisational structure of housing. There are also some important differences in the provision and availability of housing in different parts of the UK.

There have been some differences in policy between different parts of the UK for many years, but the recent devolution of power to the Regional Assemblies has added weight to these.

In this section of the Block, we will consider some of those differences in more detail. Later, in Section D, we will look at the way in which housing in the UK differs from that in other countries, especially within Europe and the USA.

2. Differences in Policy Between Different Parts of the UK

Since the devolution of power to the UK regions in the late 1990s, responsibility for housing policy in Scotland lies with the Scottish Parliament, and in Wales and Northern Ireland with their respective elected Assemblies.

As you have learned from HP.103: *Determining Housing Policy*, and from the previous section of this Block, housing policy in England is developed by the Housing Directorate of the central government ODPM. The newly elected Scottish Parliament and Assemblies now have similar central directorates which undertake the same tasks, although in slightly different ways. We will now consider the way in which those different directorates or departments oversee housing. We will begin by taking a broad overview of the availability and quality of housing in each of the UK regions, so that you can make some comparisons with England.

3. Housing Policy and Provision in Scotland

3.1 Housing provision in Scotland

Scotland has a population of just over 5.1 million, living in 2.25 million dwellings. This represents a crude surplus of around 110,000 dwellings over the estimated number of households. Of the total stock, 83% is in urban areas and only 17% in rural areas.

Changes in housing tenure in Scotland since the beginning of the 20th century have been dramatic. At the start of the century, most Scottish households, like most English households, were in private rented housing. By the 1970s, this had changed, with most households in local authority rented stock. At the beginning of the 21st century, the picture has changed again with the majority (60%) of Scottish households owning their own homes. Nevertheless, at 30% Scotland still has the highest percentage of local authority tenants of all the UK regions.

Public sector housing in Scotland is managed by Scottish Homes, which was set up in 1989 as a new housing agency 'at arms length' to ensure improvements to housing in Scotland. Since it was established, Scottish Homes has played a major role in developing housing associations in Scotland and has 'levered in' over £1.1 billion of private finance since 1989. This is similar to the role of the Housing Corporation in England, although the Housing Corporation does not have quite the same powers and is more directly responsible to the Government.

Alongside these changes in tenure, there have been dramatic improvements in condition. Scotland was once renowned for its poor housing conditions, and today much of the stock remains in poor condition. However, the nature of the problem has changed and lack of amenities is no longer the major problem. The *1996 Scottish House Conditions Survey* indicated that a quarter of Scottish homes were affected by dampness or condensation. Much of the stock has poor energy efficiency, and over 90% of dwellings do not meet current building regulations.

The number of people presenting as homeless has risen dramatically in recent years, especially in urban areas, from 14,900 households in 1980/81 to 41,000 in 1996/97. However, the percentage of those accepted as being in priority need has not increased at the same rate. In 1980/81, just over 50% (7,700) of those presenting were accepted as in priority need, but by 1996/97 the percentage had dropped to just over 40% (16,500).

When it was elected in 1997, the new Labour Government inherited net spending plans of £464 million for 1997-98. However, it accorded significant extra resources of £66 million for a number of housing initiatives, including New Housing Partnerships, the Empty Homes and Rough Sleepers Initiatives, and for energy efficiency measures. The total net housing expenditure for Scotland in 1997-98 was £517 million.

Local authorities in Scotland generated expenditure of over £130 million and used £56 million on private sector grants and loans. Personal housing subsidies, including Housing Benefit, accounted for £1 billion. In addition to this, following the Comprehensive Spending Review, £300 million is to be devoted to housing and regeneration in Scotland in the years 1999 - 2002.

Activity 6

From this brief description of the context of housing provision in Scotland, try to identify any main differences between Scotland and England.

Time allocation: 10 minutes

3.2 New Developments in Housing Policy

Prior to the devolution of power to the elected Scottish Parliament, housing policy and provision in Scotland was under the control of the Housing Minister within the Scottish Office of the British Government. Since devolution of power to Scotland in 1999, responsibility for housing policy and provision in Scotland has rested with the Scottish Parliament and is directed through the Scottish Executive Development Department (SEDD). Housing policy is developed by the SEDD in the same way as it is developed by the Housing Directorate of the ODPM in the central UK Government.

One of the last responsibilities of the Scottish Office, in relation to housing, was to publish a Green Paper *‘Investing in Modernisation – An Agenda for Scotland’s Housing’*. The Green Paper set out the newly elected Labour Government’s plans for housing in Scotland. In September 1999, the new Scottish Minister for Communities, Wendy Alexander, unveiled the responses to the Green Paper and announced her plans for housing in Scotland.

In 2000, the Scottish Executive published *‘Better Homes for Scotland’s Communities’* the Executive’s proposals for a new Housing Bill. The proposals featured six key aims for the SEDD in relation to housing:

- (a) The introduction of a new single tenancy and reform of the right to buy**
 - To introduce a new set of enhanced statutory rights for all tenants of social landlords.
 - To modernise right to buy to achieve a better balance between the rights of the individual, the landlord, and the community.
- (b) The introduction of a single regulatory framework for all social landlords**
 - To introduce a single set of arrangements for regulating the activities of all social landlords, including local authorities, to promote the interests of taxpayers, tenants, and lenders.

(c) Convert Scottish Homes from an NDPB into a direct executive agency of the Scottish Executive responsible to ministers for:

- regulating and monitoring all social landlords, including local authorities;
- development funding, until local authorities take over this responsibility;
- monitoring the use of development funding by local authorities after stock transfer; and
- monitoring local authorities' local housing plans.

(d) The introduction of a range of measures to help tackle homelessness

- Strengthen local authorities duties towards homeless people.
- Create new rights for homeless people.
- Create new duties for local authorities and registered social landlords.
- Create new arrangements for monitoring the way in which local authorities undertake their duties towards homeless people.

(e) Reforms to the repair and improvement grant scheme

- to ensure that resources are focused on those owners least able to pay for repairs or improvements.

(f) New funding arrangements for vulnerable people needing support

- to introduce more flexible funding support for vulnerable groups.

Activity 7

Try to read more about the proposed Bill. It can be accessed on the Web at <http://www.scotland.gov.uk/consultations/housing/bhsc-02.asp>.

At the time of writing, the Bill was in its proposal stages. However, even in this early stage, the key items the Bill hopes to address the priority the Scottish Parliament places on housing. It is particularly interesting that they intend to change the status of Scottish Homes to make it more directly accountable to the Government. You will remember that we discussed Scottish Homes in Block HP.103: *Determining Housing Policy*. Also, as mentioned above at 3.1, Scottish Homes was established originally to be ‘at arms’ length’.

Activity 8

Consider the main aims of the proposed Bill as set out above. What differences do they suggest between the Scottish Executive’s approach to housing and the English Government’s approach?

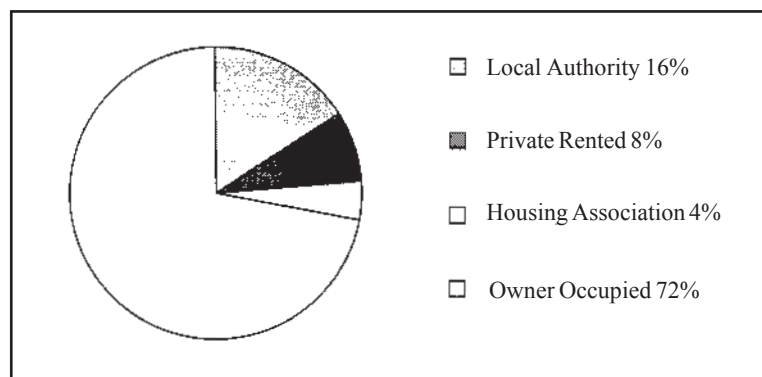
Time allocation: 20 minutes

Because the proposed Bill has not yet passed into legislation, it is difficult to discuss housing policy in Scotland in any greater detail. If you are coming to this Block after the Bill has been passed by the Scottish Parliament, you may be able to decide what the priorities are, depending on any changes and amendments which were made before the Bill could become law.

4. Housing Policy and Provision in Wales

4.1 Context of housing in Wales

Wales has a total housing stock of around 1.25 million dwellings. The graph below shows the breakdown across different tenures. At 71%, Wales has the highest rate of owner occupation of any part of the UK.



The condition of housing stock in Wales is somewhat worse in general than that of English stock. The 1997/98 Welsh House Conditions Survey estimated that 8.5% of the Welsh stock was unfit as against 6.7% of English stock. However, there has been a dramatic improvement since 1986 when 19.5% was deemed unfit. Whilst in England 25% of the housing stock was built before 1919, in Wales it is 36%.

However, the rate of unfitness varies widely between sectors. Whilst the rate of unfitness amongst owner occupied houses and social housing is only 8%, the rate rises to over 18% amongst private rented property.

Like England, Wales will need additional housing in the coming years to accommodate increased numbers of households. In the 20 years between 1996 and 2016, the population of Wales is projected to rise by approximately 3% (95,000). However, the number of households is expected to grow by 12% (138,000). As with England, this disproportionate increase in the number of households is due to the increase in single person households.

Activity 9

From what you know about housing in England, what similarities and differences can you see between English and Welsh housing?

Time allocation: 15 minutes

4.2 Housing policy and provision in Wales

In 1998, Parliament passed the **Government of Wales Act 1998**. At this point, housing policy and provision became the responsibility of the Welsh Assembly. Within the Assembly, housing is the responsibility of the Assembly Secretary for Local Government and Housing.

Prior to this Act, housing in Wales was under the direction of the Welsh Office and was managed by Tai Cymru which performed a similar function to that of the Housing Corporation or Scottish Homes. After devolution, powers were removed from Tai Cymru and housing became the direct responsibility of the new Welsh Assembly.

Within the Assembly, housing is dealt with by two divisions.

- **The Housing and Community Division** deals with Local Authority and RSLs investment in housing, national and local housing strategies, technical matters and the coordination of social inclusions policy.
- **The Housing Performance and Finance Division** deals with regulatory matters such as Best Value, Performance Indicators and Audits, and also manages and maintains social housing stock

4.3 New developments in housing policy

In order to advise the new Welsh Assembly on ways to develop housing in Wales, in July 1999 the National Consultative Forum on Housing (NCFHW) in Wales presented the National Assembly with a '*Framework for a National Housing Strategy*'.

The Framework sets out the key issues in housing and offers broad options which the Assembly will consider in developing policy. In broad terms, the NCFHW suggested that a framework should: *Ensure that people have access to and choice over housing to meet their needs.*

Further, it suggested that to achieve this requires a strategic approach which encompasses all tenures, and seeks to maximise the contribution of all those involved in housing, to encourage:

- sustainable home ownership;
- a thriving, well managed private rented sector with good standards of accommodation;
- sufficient high quality social housing, managed effectively and efficiently; and
- the location of homes in areas where people want to live.

Following the presentation of the 'Framework' in August 1999, four multi-agency task groups were established to help the development of more specific policies. The four task groups were:

- **TG1** - looking at identifying and meeting need in the context of community infrastructure and local planning systems.
- **TG2** - creating efficient and accessible private housing markets and good quality accommodation.
- **TG** - sustainable social housing.
- **TG4** - housing for the needs of vulnerable households.

At the time of writing, the work of these four Task Groups had just been completed. It will be presented to the Local Government and Housing Committee on 13 September 2000.

Activity 10

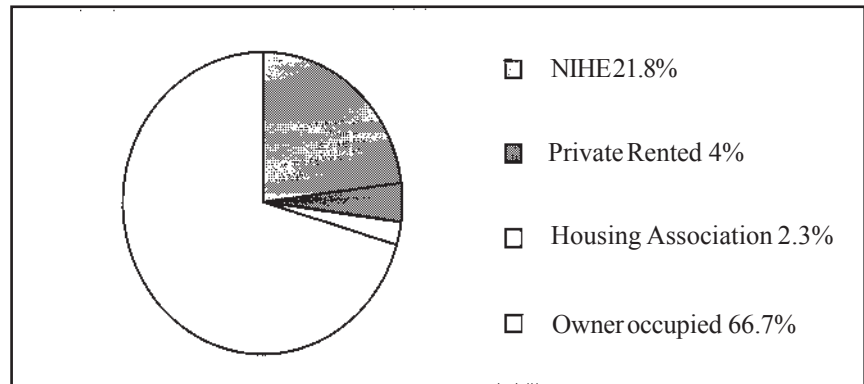
By the time you use this block, the work of the Task Groups will have been presented to the Local Government and Housing Committee. Try to find out more about how well their suggestions were received. You will find this information on the Web at www.wales.gov.org.

5. Housing Policy and Provision in Northern Ireland

5.1 The housing context in Northern Ireland

At the end of 1997, the total housing stock in Northern Ireland was around 618,000 dwellings. This represented an increase of 10,500 (1.7%) on the previous year. Of these, only 586,000 are occupied. Unoccupied dwellings account for 5.2% of total stock. However, the percentage of unoccupied stock is decreasing. The number of vacant dwellings decreased from 33,000 to 23,000 in 1997.

The graph below shows the breakdown of occupied stock between different tenures in Northern Ireland.



Note that there is no category for local authority housing. This is because (as we will discuss shortly) until devolution, responsibility for social housing in Northern Ireland rested with the Northern Ireland Housing Executive (NIHE).

5.2 Policy and provision in Northern Ireland

Two of the key functions of the Northern Ireland Executive in relation to housing are to research and measure need, and to develop programmes and services to address that need. Prior to the **Northern Ireland Act 1998**, housing in Northern Ireland was overseen by the Northern Ireland Housing Executive (NIHE). The NIHE was established in 1971 as a means of separating social housing in Northern Ireland from local authority control. Subsequent to devolution, the NIHE still exists but there are proposals to change its accountability and function.

The main functions of the NIHE are to:

- regularly examine housing conditions and housing need;
- develop programmes to meet housing needs;
- close, demolish and clear unfit houses;
- improve the condition of housing stock;
- encourage the provision of new housing;
- establish housing information and advisory services;
- consult with District Councils and the Northern Ireland Housing council;
- manage its own housing stock; and
- in its role as the Home Energy conservation Authority for Northern Ireland, promote home energy efficiency.

The NIHE has a defined structure as follows:



Each of these elements has a clearly defined role, and we will consider some of these here.

The Board

Major responsibility for policy, management and operation of the NIHE rests with the 10-person board. Seven of the 10 Board members are appointed by the Northern Ireland Minister responsible for housing; the remaining three are appointed by the Northern Ireland Housing Council. At least one member of the board must be female.

The Northern Ireland Housing Council

The NIHC was established in 1971 by the **Housing Executive Act (Northern Ireland)**. The Council was established, as a representative body of the 26 local authorities, to allow local authorities an input into executive activities. The Executive and the Council meet formally each month.

The Development Division

The development division has responsibility for:

- Housing Associations
- Private Rented Sector and Renovations Grants
- Special Initiatives
- Commercial Property
- Planning
- Land Management
- Special Projects
- Urban and Rural Regeneration

Activity 11

Based on this very brief introduction to the NIHE, some differences may already be apparent between the operations and delivery of housing policy in Northern Ireland and England. Briefly comment on your first impressions.

Strategic Objectives of the NIHE

The Executive's Corporate Housing Strategy for the period 2000-03 recognised that housing was not simply about 'bricks and mortar' but also about the needs of communities. The strategy has a number of key strategic objectives which reflect this:

- to ensure that all social housing programmes and services are delivered in a fair and equitable manner on the basis of objective assessment of need;
- to reduce unfitness and improve housing in all tenures;
- to facilitate housing choice by promoting home ownership and a diverse private rented sector;
- to deliver high quality housing services in accord with the Government's principles of 'Best Value';
- to maximise private funding for housing whilst maintaining affordability;
- to promote energy conservation throughout the residential sector;
- to promote social inclusion;
- to shape and influence the development of housing policy through research, market analysis and information and advice services.

The NIHE aims to meet these objectives in a number of ways. For example, by the development and publication of 26 district Housing Plans, which, based on extensive applied research, will provide planning guidelines to inform investment decisions by housing associations and the private sector.

The NIHE intends to review the definition of 'Urgent Housing Need' and introduce a revised, points-based Housing Selection Scheme across the social housing sector. The Executive also intends to prepare a 3-Year Social Housing Programme to be delivered primarily by housing associations. However, the Executive will retain a residual new-build role in those areas where housing associations are unable to develop.

Activity 12

Before we move on, try to identify what the main similarities and differences are between housing in the different parts of the UK. You might like to consider:

Which government departments are responsible for housing?

What are the other responsibilities of those departments?

From the new developments in policy by the new Assemblies, what similarities in priority can be seen?

What are the similarities between the profile of housing stock?

What are the differences?

What is similar about projections of future need?

What major changes have been made as a result of devolution?

Time allocation: 30 minutes

6. Difference in Housing Provision Around England

Even around the regions of England, there are some differences in housing. These differences are not so much in policy as in provision. They relate largely to differences in supply and demand for social and private rented housing in different locations. It may seem strange to think of there being low demand for some housing at a time when Government is telling local authorities that the country needs 15 million new homes by 2016.

Activity 13

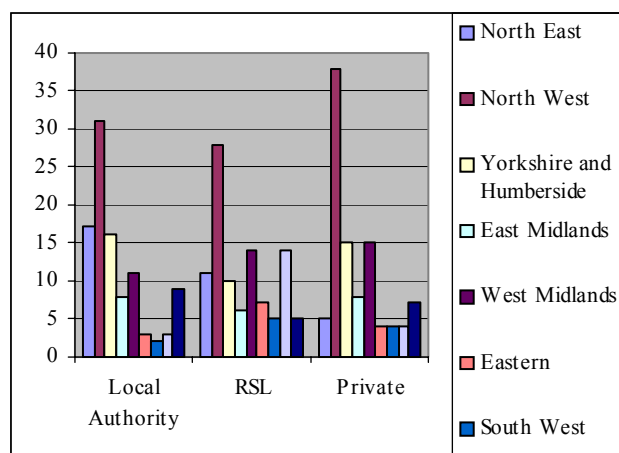
Before we consider this phenomena of low demand, try to list the reasons why you think some housing has become so unpopular. We will see if you are right at the end of this section.

Time allocation: 15 minutes

In 1999 the Social Exclusion Unit's Action on Unpopular Housing published its conclusions. The Action Team noted that the majority of local authorities (61%) reported that they had areas of low demand, unpopular social housing. This accounts for 377,000 dwellings in total or 22.5% of the housing stock nationally. The report highlighted that the underlying cause of differences in demand for social housing and private sector stock was low levels of economic activity in these areas.

6.1 Where is unpopular housing to be found?

The majority of unpopular housing is concentrated in the North East, North West and Yorkshire and Humberside. However, other areas are also affected. The chart below shows the percentage of unpopular housing across all tenures around the regions of England.



As you can see from the chart above, the vast majority of unpopular housing across all tenures is to be found in the North West. There are high concentrations of low demand RSL property in some regions: note the position of the West Midlands. This is partly a reflection of the larger RSL stock in those regions. Another factor is the prevalence of certain types of housing, such as sheltered housing.

6.2 What is the cause of low demand in different regions?

The reasons for low demand for housing vary around the country. In many cases, the cause is not directly related to housing itself, and we should not assume that unpopular housing is poor housing. As you will have learned in other sections of this study course, in some parts of the country local authorities have spent widely on renovating their stock to make it more popular, but it still remains difficult to let.

The underlying causes of low demand appear to be wider social and economic conditions in some areas. This is reflected by the low demand for housing in regions such as the North East, North West, and Yorkshire and Humberside, where there is a long-standing history of unemployment and low economic activity. This also explains why these regions also have low demand areas of private stock, even though the value of houses is low in comparison to other regions.

Another reason for low demand is that housing markets do not conform to local authority or even regional boundaries. The Social Exclusion Unit's Action Team 7 on Unpopular Housing found local authorities releasing greenfield land for new housing although that was in excess of their immediate needs. Local authorities often fail to take into account the plans of neighbouring authorities. This leads to an over-supply of newer housing on some urban edges, which becomes more popular than older housing within the city.

Action Team 7 on Unpopular Housing recommended that local authorities worked more closely together on cross boundary housing market strategies.

Activity 14

List the issues which local authorities might need to consider if they are to agree on cross-border housing markets.

Time allocation: 15 minutes

Other causes of unpopular housing which affect all sectors are social problems in specific areas. Even in places where there is good quality affordable private housing, crime and anti-social behaviour can mean that people don't want to buy. This causes problems for people already owning property in those areas. They can find themselves with negative equity and unable to sell in order to clear mortgage arrears. In such circumstances people may abandon their properties. In most cases unpopular private housing tends to be very localised. In extreme cases entire neighbourhoods can be abandoned and boarded up.

Activity 15

Consider your own area or one you are familiar with. Try to identify areas which are unpopular or becoming more unpopular. List what the signs are which tell you that they are becoming so and what you think the causes are.

Time allocation: 15 minutes

Summary

In this section we have learned that the different constituent parts of the UK (Wales, Northern Ireland, Scotland and England) each have very different housing contexts.

1. The profile of housing stock differs between different parts of the UK
2. The different parts of the UK have each established different agencies or government bodies for directing housing policy and provision
3. The way in which housing policy is determined in Scotland, Northern Ireland and Wales has changed since devolution but that those changes are still in their development stage in some parts
4. There are differences in provision, popularity and affordability even between regions within England.
5. That these differences are not necessarily due to differences in the quality or availability of housing itself
6. That local authorities are often contributing to the problem of unpopular housing by not working together across authority borders

D. The European Union and Non-UK Countries

1. Introduction

This section of the block looks at housing policy in relation to the European Union and non-UK countries. It begins by considering the implications of the EU for UK housing policy and continues by comparing some aspects of housing in three European countries and the USA. At the end, we will try to draw some conclusions about what trends can be seen in housing policy in these countries.

2. The European Union and UK Housing Policy

The European Union (EU) has no competence in relation to housing. The principle of ‘subsidiarity’ means that the responsibility for housing policy rests with the Member States’ governments. The only EU policy areas which relate directly to housing are those affecting housing related to the economic restructuring of iron, steel and coal areas, and also housing for migrants. However, there are a number of ways in which the EU can have an indirect effect on housing in the UK. These fall into three categories

- The move towards regionalism
- EU funding programmes
- EU legislation and programmes

2.1 Regionalism

A central theme to the development and expansion of the EU is that of a ‘Europe of the Regions’. Unlike many other European countries, the UK has not, until recently, had any form of regional government. However, the Labour Government has made considerable moves towards devolution and regional government since its election in May 1997. These include the creation of the Scottish Parliament and the Welsh Assembly, the setting up of Regional Offices of Government and the creation of Regional Development Agencies in England. It is in these first steps towards regionalism and the devolution of power that we may see the influence of the EU on housing.

One example of the effects of regionalism on housing in the UK can be seen in the transfer of responsibility for housing in Scotland and Wales to the Scottish Parliament and Welsh Assembly. Whilst both have responsibility for policy relating to social housing, they

have no control over welfare benefits policy, including housing benefit, which remains the responsibility of central government. They are, therefore, responsible for policies relating to housing, a major part of funding for which is not under their control.

As yet, there are no plans to give the Regional Offices direct responsibility for social housing. However, they are responsible for day-to-day liaison with housing associations. They advise and encourage good practice as well as monitoring performance.

The regional offices also play a role in the Approved Development Programme (ADP) system for funding housing development. Bids for annual funding programmes are now made by housing associations to the regional office. The total annual ADP budget is distributed to regions, and the regions issue Regional Policy Statements reflecting priorities for programmes and local authority areas. The allocation to individual associations is based on a combination of national and regional priorities.

The Regional Policy Statement also includes the minimum private finance target, in effect, the rate of Social Housing Grant available, and there are significant variations in the maximum grant rate between different areas of the country.

However, it is especially as a channel for EU policies concerned with social exclusion - for example the operation of the Structural Funds of the European Union - that regionalism and the regional offices become relevant to social housing in that the regional level is a crucial channel for these European programmes and funds.

In terms of the general housing construction, the Regional Development Agencies are responsible for improving the socio-economic conditions of their regions, and that will naturally involve decisions about where and how many new dwellings need to be built. Thus, local planning officers will need to consider applications by developers in the light of what is best for the wider region.

The EU's emphasis on the devolution of power to the regions can be seen, then, to have bearing on housing in a number of ways both positive and negative:

- Closer and better informed relationship between central government, the EU, and social housing providers.
- A potential mismatch between areas of responsibility of regional and central government.
- The capacity to co-ordinate housing policy with economic and urban regeneration.

- Greater understanding of local and regional needs to inform the integration of funding for social housing and regeneration, and a potential to capture new sources of EU funding.
- The addition of a regional element to decisions on planning and development of housing.

Activity 16

Can you think of other ways in which the EU's emphasis on devolution of power to the regions might have an impact on housing? In particular, consider how local needs might be better understood.

Time allocation: 10 minutes

2.2 EU funding programmes

The EU has a number of funding programmes aimed at promoting urban regeneration and social inclusion. Whilst in general such funding cannot be used directly for the provision of housing, it can be used to address many of the social, economic and environmental problems of urban housing areas.

The 'Structural Funds' - primarily the European Social Fund (ESF) and European Regional Development Fund (ERDF) - are the primary source of EU funding for housing-related action. There are also a number of smaller EU programmes relating to problems of poverty.

Around 10% of the EU Structural Fund Budget is allocated to Community Initiatives. These projects were intended to, amongst other things, support economic development projects in peripheral and inner urban housing areas with high unemployment and low levels of skills.

Activity 17

List the ways in which you think funding for projects addressing social and economic problems has an effect on housing in peripheral and inner urban areas

Time allocation: 10 minutes

2.3 EU legislation and policies and UK housing policy

Another way in which the EU may have an effect on housing is through changes to a number of areas of legislation. Housing providers are affected by rules, directives and procedures governing them as employers, users of capital, and purchasers and suppliers of goods and services. Whilst the EU has no direct influence over UK spatial planning in relation to where housing can be built, house builders must abide by EU environmental and health and safety regulations. Housing developers and local authority planning officers must now consider housing development in the context of broader EU environmental objectives.

Of potentially great importance to UK housing are the EU competition policies. These policies are designed to allow the free flow of investment throughout Europe and to open access to national markets. Opportunities exist for European construction companies both to invest and to develop easily within the UK. It is also theoretically possible for non-UK housing associations to manage property in the UK. There is already an example of this in the award to a subsidiary of the French company General des Eaux for the management of South Oxfordshire council housing.

3. Housing In Other European Countries

There have been some common themes in housing across Europe. Homelessness rose in many countries and in the early 1990s there were between 3 and 5 million people homeless within the EU. Access to rental housing became more difficult as public spending on housing was cut back across Europe. This was true in the social sector, and also affected support for owner occupation, causing a slump in the market.

In almost all EU countries the move has been towards a weakly regulated private market with less public involvement in housing provision, and an emphasis on the enabler role of municipalities and local authorities. This has seen much of the publicly owned social rented stock transferred to housing associations and tenant management groups.

We will now look at the housing and housing policies of three other European countries and compare these to the UK. The countries we are focusing on are France, Spain and Holland. We will consider the policies of these countries by looking specifically at housing tenure.

3.1 Housing tenure in France, Spain and Holland

The UK and the three chosen European countries all have quite different tenure splits, as the table below shows.

Table 1: Percentage of housing stock by tenure 1990 and 1995

	Owner-occupied		Social rented		Private rented		Other	
	1990	1995	1990	1995	1990	1995	1990	1995
<i>Country</i>								
UK	67	66	26	24	7	10	-	-
France	54	54	17	17	20	21	9	8
Spain	78	76	2	2	16	16	4	4
Holland	45	47	40	36	15	17	-	-

(Source: P. Balchin (ed) 'Housing Policy in Europe 1996', Oxley and Smith, *Housing Policy and Rented Housing in Europe 1996*.)

We can see from Table 1 that there is a considerable difference between the tenure split in the four countries. For example, Holland has relatively equal proportions of social renting and owner occupation, whilst in the UK the split is much greater. Note also that the UK has a much smaller private rented sector than any of the other countries. Spain has the lowest level of social rented housing, and the highest level of owner occupation.

Note the small but significant differences which can be seen in the five years to 1995. What do you think has caused these differences?

Activity 18

Look at the table above. Based on what you know about housing and tenure in the UK, what conclusions do you think you can draw about the other three countries from their tenure split? Consider issues of housing quality, unemployment, poverty and desirability.

Time allocation: 10 minutes

Now we will consider the different sectors in relation to the three countries.

3.2 Social housing

The definition of social housing differs from country to country. As will be seen in this section, in some countries, social housing is only to be found in the social rented sector: in others it can also include social housing for owner occupation.

In some countries, social housing is only for the most needy, the poorest, or is limited to housing for people with care needs, such as the elderly. In other countries, social housing may be accessed by people on higher incomes.

Activity 19

In preparation for this section on social housing, write down what you think is the definition and function of social housing. At the end of this section, we will see if your definition fits with what we have learned from other countries?

Time allocation: 10 minutes

Social housing in France

Most social housing in France is provided and managed by *Habitations a Loyer Modere* (HLM) organisations, non-profit-making bodies sponsored by local authorities to construct and manage social housing. There are over 1000 HLM organisations, with a housing stock of over 4.6 million dwellings. Not all HLM stock is produced for renting. Some - about one third - is constructed for social ownership, with subsidised finance for owner occupation.

HLMs work closely with the *Offices Publics d'Aménagement et de Construction* (OPACs). OPAC is a newer organisation, created in 1973. Like HLMs, they are local authority sponsored, non-profit-making bodies. Although they have a much smaller share of the social rented stock, their powers to buy land and develop are much greater.

Access to social housing in France is based on income, which must be below a set level. If an applicant meets income criteria, he will be given 'entitlement' to a property. However, allocation is dependent on the available stock and the urgency of the applicant's housing need, with priority given to the homeless and those living in poor conditions. Allocations are made by an 'allocations board' of the HLM, made up of members of the local authority, local employers, the local mayor and others involved in social housing.

Holland

Since the late 1960s when Holland experienced a major housing crisis, the majority of social housing in Holland has been managed by housing associations. There are about 1100 associations whose role is to construct, manage, improve and maintain homes to meet general need. As non-profit organisations, any profit they make must be re-invested in housing. They manage over 2 million dwellings, around 30% of the total Dutch housing stock.

Dutch municipalities also manage around 35,000 dwellings. However, in general, they play a monitoring role in social housing and are now handing over most of their stock to housing associations. Since 1990, very little social housing has been built by municipalities, and housing association, now have the first option to build any social housing development.

Social housing in Holland was never intended solely for low income households, but also for middle income families. However, the desirability of social rented property and the high standards of construction meant that many households did not move out of the sector once their income levels rose. Over time, the proportion

of households on higher incomes living in social rented housing began to cause a shortage of housing for lower income groups, who were becoming concentrated and spatially segregated in poorer, less desirable areas.

This concentration of poorer households in specific areas is seen as a problem and, in an attempt to produce mixed income areas in Dutch cities, the government has introduced a policy of redifferentiation. This is being pursued by building more expensive dwellings for social rent by higher income groups in areas where there is currently social housing. The hope is that this will free up less expensive properties for lower income households to move into, thus improving the income mix in the area. However, there are concerns that with urban land being in such short supply, existing housing may need to be demolished in order to build these higher rent properties.

Activity 20

Consider the above discussion about the desirability of social rented housing in Holland. List the ways in which this is different to social housing in the UK.

The allocations system in Holland is complex and somewhat unco-ordinated. Municipalities are mainly responsible for allocating housing and set their own criteria which housing associations must follow. However, housing associations can also operate their own waiting lists. Different types of social housing are allocated against different criteria, including income. Adopting a market approach, applicants are encouraged to find and apply for any dwelling for which they match the criteria.

Spain

Spain has the lowest level of social housing of the three countries we are looking at, and one of the lowest levels in the EU. Until recently, social housing in Spain was provided by municipalities solely for use by those in the most extreme need. This included people with care needs or learning needs, the homeless, and some elderly. However, between 1992 and 1995 the Spanish government launched a 4 Year Social Housing Plan to encourage the supply of social rented housing. Supported by increased public subsidies, the plan aimed to build 460,000 new low- and medium-cost dwellings in four years to 1995. Allocation of social housing in Spain is broadening and the definition of need now includes households on very low incomes.

One major difference between the social rented sectors of the three European countries and the UK can be seen in the number of new social dwellings being built in each country over the last two decades. Table 2 below shows social rented dwellings as a percentage of all new dwellings built in the four countries.

Table 2: New social rented dwellings as a percentage of all new dwellings

	UK	France	Holland	Spain
1980	45	15	34	-
1991	17	19	27	-

(Source: European Commission (1993) – *Statistics on Housing in the European Community*.)

Activity 21

Find the statistics for the construction of social rented dwellings for another year since 1991. Make a note of where you found the information. Then consider what story the statistics tell.

Construction of social housing

199? UK France Holland Spain

Source:

3.3 Making some comparisons

From the above discussions and the data in Tables 1 and 2, we can begin to make some comparisons and draw some conclusions about social housing in the UK and the three countries we are considering. We can begin to see differences in a number of areas:

- The role social housing plays in the different countries
- The types of households that might access social housing
- The importance the government of each country places on social housing

Activity 22

Write down what you think are the main conclusions you can make so far under the three headings above. Refer to your answer to Activity 19 to see if your definition of social housing has changed.

Time allocation: 15 minutes

3.4 Private rented housing

If you refer back to Table 1, you will notice that the UK has a much lower level of private rented property - only 10% of the total housing stock in 1995 - than the other three countries we are considering. France has the highest level at 21%. Holland and Spain have similar levels of around 15-17%. We can also see from the table that in the UK, France and Holland, there has been a slight increase in private renting in the five years to 1995. This increase has been associated with the problems of home ownership, as many of the landlords are letting properties which they cannot afford to live in or are unable to sell.

We can also see differences if we look at private rented property. Looking at the total rented property market (including social rented) in the four countries, we can see what percentage of it is owned by private landlords and who those landlords are. In the UK, the majority of private landlords are individual property owners who own 28% of all rented stock. However, in Holland private individuals own 13% of all rented stock and institutional investors own another 10%. In France 47% of the total rented stock is owned by individual private landlords and 6.5% by institutional investors. In Spain, where almost all rented stock is in the private rented sector, the majority of landlords are individuals.

The condition of private rented dwellings differs from country to country, and is dependent largely on the age of the stock. In Spain, 51% of private rented stock is either unfit or lacks basic amenities, as against 15% in Holland and only 8% in the UK.

3.5 Owner occupation

We can see from Table 1 that the UK and the three other countries we are considering have very different levels of owner occupation. However, throughout the 1980s and 1990s there was a common theme running through many European countries. With the exception of countries such as Spain and Italy, which have long had high levels of owner occupation, there has been an increase in home ownership. Whilst in the UK this was mainly due to the introduction of Right to Buy, in France it was underpinned by major government subsidies to first time buyers. Even in Holland, a country with a strong tradition of social renting across all income groups, there has been a slight increase in owner occupation during the 1990s.

4. Social Housing in the USA

There are many lessons to be learned from the experiences of countries outside the EU. We will look at the situation of social housing in the USA which, despite its somewhat different principles, has in recent years shared a number of similarities with the UK. This section gives a brief history of social housing in the USA

The principles underpinning the development of social housing in Europe have struggled to take hold in the USA. Up to 1940, the USA saw a growth in home ownership. There was continued construction for private renting and what little public housing there was took a residual role.

By the mid 1940s, a major concern about the shortage of housing for returning war veterans led to the 1949 Housing Act which promised 1 million units of public housing. By this time, 2.5 million households shared accommodation and 5 million lived in slums.

However, the high rate of construction for private renting at that time alleviated much of the problem for middle income groups, leaving only poorer households in public housing. Indeed, unlike the situation in Europe at the time, public housing in the USA was restricted to the poor. If household income rose above a set level, the family would be evicted. This ensured a concentration of the very poorest families in public housing.

Throughout the 1950s and 1960s the management of public housing took a reformist approach, controlling all aspects of tenants' lives, trying to 'improve' them. However, the concentration of very low income households living in large public housing blocks at low rents, the resultant social problems, the high number of vacancies and the high cost of maintenance led to severe problems for the management agencies. This resulted in the government having to increase the subsidy to local public housing bodies for maintenance of the buildings.

By the late 1960s and early 1970s, high inflation, the spiralling cost of public housing, and the stigma attached to it meant that the government virtually stopped building public housing, preferring to lease units built for private renting. Thus began the move towards ending direct building subsidies for public housing in favour of income subsidies which would enable low income households to rent privately.

During the mid 1970s, there was a call for better management of public housing. Some attempts were made at tenant management but these largely failed. By this time, it was clear that public

housing had not only become the tenure of the poor, but also the tenure of last resort. As the decentralisation of decision-making began in the USA, the previous federal urban renewal programme was abandoned in favour of a block grant to localities. This was intended to allow them to devise housing and other urban programmes suited to their locality.

By the late 1980s, the growing number of homeless people on the streets was a potential embarrassment to the government. The response was finance for temporary shelter rather than permanent housing. The role of government in respect of housing the poor was confirmed as that of enabler rather than provider.

Although home ownership had always been supported and encouraged by US housing policies, by the late 1980s and throughout the 1990s it became the central focus. In line with similar moves in the UK there was a drive towards increasing levels of low income home ownership, as a means of giving families a stake in their community and increasing self sufficiency. The 1990 Housing Act saw the introduction of the *Home-ownership and Opportunity for People Everywhere* (HOPE) programme. HOPE provided, amongst other incentives, grants for low income purchasers, with special emphasis on the selling off of public housing.

By the end of the 1990s, American housing remained the housing of the poorest, occupied mainly by black and Hispanic lone mothers on welfare benefits. Despite attempts at tenant management, public housing remains stigmatised by poverty, high crime, and drug addiction and trafficking. However, despite this, there were 1 million people on public housing waiting lists at the beginning of the 1990s.

Activity 23

From the discussion above, try to identify the main causes of the residualisation of public housing in the USA. Identify any issues which American public housing has in common with European social housing.

Time allocation: 30 minutes

Summary

From this discussion, we can see that housing policy in different countries shares some common themes, but there are also some differences.

1. Social housing is becoming associated with poverty. This is particularly true of the UK and USA.
2. In most countries, government is moving from a provider to an enabler role in respect of social housing. In many countries, capital subsidies for construction are being ended in favour of income subsidies.
3. Throughout Europe and the USA much social housing has been transferred out of public ownership and management.
4. There is a move towards mixed tenure or mixed income areas, rather than concentrations of social housing and low income households.
5. There is a growing emphasis on low cost home ownership. Both the USA and the UK have encouraged low income families to buy social housing which was originally built for rent.
6. In some countries, social housing was developed for general need, whilst in others, notably the USA, it was developed simply for the poorest households.
7. In some countries, social housing has become the tenure of last resort and is hugely stigmatised. In others, notably Holland, it is occupied by all income levels without stigma attached to the tenure.
8. The tradition of building social housing specifically for low cost, subsidised social ownership has not developed in many countries.